

DOCKET SECTION

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes

Docket No. R97-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 9

(January 14, 1998)

The Postal Service is requested to provide the information described below to assist in developing a record for the consideration of its request for changes in rates and fees. In order to facilitate inclusion of the requested material in the evidentiary record, the Postal Service is to have a witness attest to the accuracy of the answers and be prepared to explain to the extent necessary the basis for the answers at our hearings. The answers are to be provided within 14 days.

1. Refer to USPS LR-H-206, "Diskettes of witness Needham's (USPS-T-39) Testimony and Workpapers," WP-7, "Money Orders." Please provide the source of figures 609,186 and 163,019 which appear in the formula in Cell AD41. Also explain the difference between the FY 1996 Inquiry Fee transactions of 799,805 in Cell AD41 and 893,004 transactions reported in Table K-5 of USPS LR-H-145 "Billing Determinants, Fiscal Year 1996."
2. Refer to USPS LR-H-207, "Diskette of witness Plunkett's (USPS-T-40) Testimony and Workpapers," WP-13, "Summary of Special Services Cost Coverages" (revised 11/20/97). Please provide the after rates volume for Restricted Delivery in Column 1, and the after rates revenue for Insurance and Restricted Delivery in Column 4 to reflect changes made in response to POIR 5, questions 9 and 11.

3. Refer to USPS-T-30, Workpapers I and II, "Summary of Revenues, Fiscal Year 1998 Before (After) Rates" (Revised 8/22/97), page 3. It appears that Money Order Float revenues of \$62,020(000) for test year before rates and of \$61,996(000) for test year after rates are not included in the total "Postage and Fees" from Special Services. Please explain how these amounts are incorporated in the forecast of TYBR and TYAR total revenue.

4. Please revise Exhibit USPS-30A, page 42 (revised 9/19/97), "Summary of Estimated Fiscal Year 1998 Before Rates Finances" to reflect: (1) the revised volume forecasts in Supplemental Exhibit USPS-6A, page 2, "Quarterly Volume Forecasts, 1997Q1 to 1999Q4, Government Distributed to Classes, Before Rates;" and (2) any changes in volume, revenue or costs made in or required by the following responses to: (a) POIR 5 Items 3, 4, 7, and 10; (b) POIR 7 Items 7 and 8; and (c) POIR 8 Items 11, 14 and 17. The Supplemental Exhibit USPS-6A was filed on October 9, 1997, as Attachment B to "Notice of the United States Postal Service of Revisions to the Testimony of Dr. George Tolley (USPS-T-6)."

5. Refer to LR H-172, "Derivation of After-Rates Fixed Weight Price Indices." Spreadsheet MONY96A.WK4 "Special Services - Money Orders." Please confirm that the entry for Money Order Inquiry fee of "\$3.00" in Cell A:N39 should be changed to "\$2.75."

6. Refer to witness Taufique's Workpaper RR-A, pages 1 and 2, and the associated computer spreadsheet designated 2C_RR_X9.XLS, page "Bill. Det. Reports." The volume figure in Cell L91 is equal to the volume figure in Cell L68, and therefore does not include the volume figure in Cell L81. Similarly, the volume figure in Cell L92 equals the volume figure in Cell L69, and does not include the volume figure in Cell L82. Also, the volume figure in Cell L93 is equal to the volume figure in Cell L67, and does not include either the volume figure in Cell L80 or the volume figure in Cell L87.

a. Please explain the meaning and use of volume figures in Cells L91, L92, and L93.

b. The FY 1996 volume figures in LR H-172, "Derivation of After-Rates Fixed Weight Price Indices," Spreadsheet PER96A.WK4, page PX2R, Cells B69, B70, and B73 are equal to the volume figures in Cells L91, L92, and L93, respectively. The volume figures in Cells B69, B70, and B73 are used by witness Tolley to develop the FWI for Periodicals Regular Rate mail. Please explain the appropriateness of using the figures from Cells L91, L92, and L93 in the development of FWI for Periodicals Regular Rate mail.

7. Refer to witness Taufique's Workpaper RR-A, pages 1 and 2, and the associated computer spreadsheet designated 2C_RR_X9.XLS, page "Bill. Det. Reports." Row 18 is labeled "Nonadvertising - Including SOA & Commingled." Row 30 is labeled "SCI. OF AGRICULTURE - NONADVERTISING." Row 38 is labeled "SOA COMMINGLED NONSBSCRBR NONADVERTISING." Please confirm that the volume figures in Row 18 do include the volume figures in Rows 30 and 38.

8. Refer to LR H-172, "Derivation of After-Rates Fixed Weight Price Indices," Spreadsheet PER96A.WK4, "Periodicals Within County, Nonprofit, Classroom, and Regular," page PX2R. Please confirm that the following changes should be made in the current and proposed rates for Periodicals Regular Rate mail.

- a. Cell AM94, figure 0.127 should be changed to 0.169.
- b. Cell AM95, figure 0.143 should be changed to 0.190.
- c. Cell AM96, figure 0.161 should be changed to 0.214.
- d. Cell AN94, figure 0.119 should be changed to 0.158.
- e. Cell AN95, figure 0.135 should be changed to 0.180.
- f. Cell AN96, figure 0.152 should be changed to 0.203.

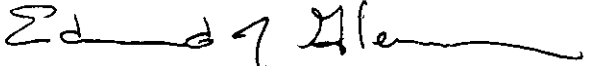
9. Please provide the Postal Inspection Service report on the audit of RPW and ODIS systems mentioned on page 10 of the Semiannual Report of the Office of Inspector General, April 1-September 30, 1997, FY 1997, Volume 2.

10. In response to OCA/USPS-T12--61, redirected from witness Degen, witness Alexandrovich describes the process used in the computation and redistribution of clerk and mailhandler volume variable premium pay. One of the steps noted by the witness calculates the percentage of the night-shift differential and Sunday premium costs which are volume variable non-BMC mail processing, shown on line 6 of Workpaper B-3, W/S 3.0.13. These volume variable non-BMC percentages are derived by multiplying the percentage of clerk and mailhandler IOCS direct tallies involving night-shift differential, LR-H-146 at V-14, and Sunday premium, LR-H-146 at V-17, by the average mail processing labor variability for MODS 1 & 2 operations, shown in USPS-T-12, Table 4. Tr. 13/7080.

In the Postal Service's response to Order No. 1203, the calculation for the redistribution of volume variable premium pay appears to follow all the same steps except that the percentage of clerk and mailhandler non-BMC direct tallies is multiplied by the total average mail processing variability of 93.46 percent rather than the average mail processing variability for MODS 1 & 2 operations of 92.73 percent, which is shown in Table A of LR H-315.

Please confirm that in the response to Order No. 1203 the percentage of clerk and mailhandler non-BMC direct tallies is multiplied by the total average mail processing variability to develop the volume variable non-BMC premium costs shown on Worksheet 3.0.13 of USPS LR H-316. If confirmed, please explain why the total average mail processing variability percentage was used rather than the average variability percentage of MODS 1 & 2 offices used in its original presentation.

If not confirmed, explain the basis for the calculation in the response to Order No. 1203 used to derive the volume variable non-BMC premium costs to be redistributed.


Edward J. Gleiman
Presiding Officer